



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
612 EAST LAMAR BLVD, SUITE 400
ARLINGTON, TEXAS 76011-4125

April 2, 2009

Randall K. Edington,
Executive Vice President, Nuclear and
Chief Nuclear Officer
Mail Station 7602
Arizona Public Service Company
P.O. Box 52034
Phoenix, AZ 85072-2034

SUBJECT: MEETING SUMMARY FOR PUBLIC MEETING WITH ARIZONA PUBLIC
SERVICE COMPANY

Dear Mr. Edington:

On March 24, 2009, the NRC held a public meeting to present the NRC annual assessment of Palo Verde Nuclear Generating Station's safety performance for the period January 1 through December 31, 2008. Also discussed was the status of performance improvement actions to address the revised Confirmatory Action Letter items. The meeting was held at the Tonopah High School Auditorium in Tonopah, Arizona. The meeting attendance list, a copy of the NRC presentation, and a copy of the licensee presentation are included as Enclosures 1, 2, and 3.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter and its enclosures will be available electronically for public inspection in the NRC's Public Document Room or from the Publicly Available Records (PARS) component of the NRC's Agency wide Documents Access and Management System (ADAMS). ADAMS is accessible from the Public Electronic Reading Room page of the NRC's public web site at www.nrc.gov/reading-rm/adams.html.

Should you have any questions concerning this matter, we will be pleased to discuss them with you.

Sincerely,

/RA/

Michael Hay, Chief
Project Branch D
Division of Reactor Projects

Dockets: 50-528, 50-529, 50-530
Licenses: NPF-41, NPF-51, NPF-74

Enclosures:

1. Meeting Attendance List
2. Nuclear Regulatory Commission Presentation
3. Palo Verde Nuclear Generating Station Presentation

Mr. Steve Olea
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

Mr. Douglas Kent Porter
Senior Counsel
Southern California Edison Company
Law Department, Generation Resources
P.O. Box 800
Rosemead, CA 91770

Chairman
Maricopa County Board of Supervisors
301 W. Jefferson, 10th Floor
Phoenix, AZ 85003

Mr. Aubrey V. Godwin, Director
Arizona Radiation Regulatory Agency
4814 South 40 Street
Phoenix, AZ 85040

Mr. Scott Bauer, Director
Regulatory Affairs
Palo Verde Nuclear Generating Station
Mail Station 7636
P.O. Box 52034
Phoenix, AZ 85072-2034

Mr. Dwight C. Mims
Vice President
Regulatory Affairs and Plant Improvement
Palo Verde Nuclear Generating Station
Mail Station 7605
P.O. Box 52034
Phoenix, AZ 85072-2034

Mr. Jeffrey T. Weikert
Assistant General Counsel
El Paso Electric Company
Mail Location 167
123 W. Mills
El Paso, TX 79901

Mr. Eric Tharp
Los Angeles Department of Water & Power
Southern California Public Power Authority
P.O. Box 51111, Room 1255-C
Los Angeles, CA 90051-0100

Mr. James Ray
Public Service Company of New Mexico
2401 Aztec NE, MS Z110
Albuquerque, NM 87107-4224

Mr. Geoffrey M. Cook
Southern California Edison Company
5000 Pacific Coast Hwy. Bldg. D21
San Clemente, CA 92672

Mr. Robert Henry
Salt River Project
6504 East Thomas Road
Scottsdale, AZ 85251

Mr. Brian Almon
Public Utility Commission
William B. Travis Building
P.O. Box 13326
Austin, TX 78701-3326

Environmental Program Manager
City of Phoenix
Office of Environmental Programs
200 West Washington Street
Phoenix, AZ 85003

Mr. John C. Taylor
Director, Nuclear Generation
El Paso Electric Company
340 East Palm Lane, Suite 310
Phoenix, AZ 85004

Chief, Radiological Emergency
Preparedness Section
FEMA Region 9
1111 Broadway, Suite 1200
Oakland, CA 94607-4052

Electronic distribution by RIV:

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Deputy Regional Administrator (Chuck.Casto@nrc.gov)
DRP Director (Dwight.Chamberlain@nrc.gov)
DRP Deputy Director (Anton.Vegel@nrc.gov)
DRS Director (Roy.Caniano@nrc.gov)
DRS Deputy Director (Troy.Pruett@nrc.gov)
Senior Resident Inspector (Ryan.Treadway@nrc.gov)
Resident Inspector (Michelle.Catts@nrc.gov)
Resident Inspector (Jim.Melfi@nrc.gov)
Resident Inspector (Joseph.Bashore@nrc.gov)
Branch Chief, DRP/D (Michael.Hay@nrc.gov)
Senior Project Engineer, DRP/D (Don.Allen@nrc.gov)
Public Affairs Officer (Victor.Dricks@nrc.gov)
Team Leader, DRP/TSS (Chuck.Paulk@nrc.gov)
RITS Coordinator (Marisa.Herrera@nrc.gov)

SUNSI Review Completed: MH ADAMS: ☒ Yes ☐ No Initials: MH
☒ Publicly Available ☐ Non-Publicly Available ☐ Sensitive ☒ Non-Sensitive
R:_Reactors_PV\PV Meeting Summary 32409.doc

C:DRP/D
MCHay
/RA/
4/02/2009

OFFICIAL RECORD COPY T=Telephone

E=E-mail

F=Fax

NRC PUBLIC MEETING ATTENDANCE		
LICENSEE/FACILITY	Palo Verde Nuclear Generating Station	
DATE/TIME	March 24, 2009; 6:30 to 8:30 pm (PST)	
LOCATION	Tonopah Valley High School Auditorium	
NAME (PLEASE PRINT)	ORGANIZATION	PHONE
RYAN TREADWAY	US NRC	
Jim MELFI	USNRC	623 386-3638
Louis Contopassi	APS	
RANDY HALL	NRC	(301) 415-4032
Janet Burns	APS	
Trela Jacobson	APS	
DAN WOOL	APS	
Betty Daygo	APS	
Rob Henry	SRP	
Kathleen Schroeder		
Suzi Ferris	Resident	
Neal Ferris		
Beckie Plana		
Robert Bement	APS	
RH. BEMENT		
Melissa Black	APS	

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NAME (PLEASE PRINT)	ORGANIZATION	PHONE
Geoff Cook	SCE	
Terry Young	APS	
JOHN GOUDAS	S&L	310
DALE THORNTON	CONTRACTOR PALO VERDE	
Pam Miller	Resident	
Rex Miller	Resident	
JOSE MARCO	APS, PV	
Kevin Vogan	Citizen	
Stephen Briffle	DWAZ	
Amy Turner	DZ Atlantic	
Josh Amaral	DZ Atlantic	
MARIA LACAL	APS	
DANNY MYATT	APS	
Edward Hollis	SCIENTECH	
M DAVID RIDEN	CEI ENGR	
ROBIN MEREDITH	APS	

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NAME (PLEASE PRINT)	ORGANIZATION	PHONE
Wesley Butler	APS - PV	623-393-5428
ALLAN JAMES T	APS - PV	623-393-2939
Mike Winsok	APS - PV	623-393-5102
RUSTY STROUD	APS	623 393 5111
JIM FAURIA	APS	623 393 5038
Monty Richmond	APS	623-393-5731
Rich Timmonds	APS	623-393-6609
James Ray	Public Sv of NM	-
Lori Sundberg	APS	
Vicki Johnson	APS	
Montt Saastam	ARJ	623-393-2865
Frank Mirolas JR	APS	623-393-1811
Kris Willoughby	Worley Parsons	
Steve Marshack	AD&M	
Richard C. Miller	Marathon	

NRC PUBLIC MEETING ATTENDANCE		
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DATE/TIME	September 30, 2008 ; 6:30 to 8:30 pm (PST) MARCH 24, 2009	
LOCATION	Tonopah Valley High School Auditorium	
NAME (PLEASE PRINT)	ORGANIZATION	PHONE
MIKE SHEA	APS	623-393-6362
Wayne Pierce	APS	623-393-6096
PERRY RIDEN	-	-
JEFF GUNDEN	APS	-
Pat Bell	APS	623-393-3181
DEBORAH MOYER	MCSO	-
MONICA RAY	APS	-
ROB SWEET	SCIENTECH	-
PRITAM MATHAROO	Absolute Consulting	-
A/K KRAINIK	APS/PVNGS	623/393-5045
KHIZER HAYAT	APS/PVNGS	623-393-6946
RODNEY WILFERS	APS	623 393 2588
Mo Karbassian	PALO VERDE	623-393-5710
Charles H. Coles	APS	623-393-2736
Donna Thomas	APS	623 393-5737
Bruce Crowley	APS	-

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NAME (PLEASE PRINT)	ORGANIZATION	PHONE
Kent Chavet	Regulatory Affairs	-
Domingo A-Cruz	APS	623-393-5868
Howard Ridenhour	APS	623-393-1995
Daniel Marks	APS	-
William Chapman	APS	-
Mike Bail	APS	-
Dwayne Carnes	APS	623-393-1787
Peter Rehme	APS	-
WALTER S. BODNAR	APS	623-393-5679
KELLY R CESARE	APS	623-393-5893
Brian Ramey	APS	-
Michael Green	APS	623 393 5313
Antonius Chan	APS	-
R. J. Dddy	INPO	-
Alicia Nieto	APS	623-393-3132
HANIK NELSON	APS	623-393-6878

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NAME (PLEASE PRINT)	ORGANIZATION	PHONE
Michael Sontag	Palo Verde	
Jeanne Copsey	" "	
Takeshi Nishimura	Japan NUS	
Kay Marshall	" "	
Steve Sawtschenko	Palo Verde	
Dennis Swan	Palo Verde	
FRED RIEDEL	PALO VERDE	
DON Wheeler	PALO VERDE	
Thomas Gray	Palo Verde	623-393-6715
Del Elkinton	Palo Verde	623 393 5656
HENRY DAY	APS-PALO VERDE	623-393-6567
Bill Smith	APS - Palo Verde	
U-GROVER HETTEL	APS - PALO VERDE	623-393-2656
JERRY L. KADUK	HIS KINGS	
Randy Sorensen	APS	
MIKE POWELL	APS	623-393-6848

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NAME (PLEASE PRINT)	ORGANIZATION	PHONE
David A. Ramsay	Ramsay & Assoc. LLC	
Duane Hughes	APS	
Willie Hernandez	APS	
OTHMAN MSANED	APS	
Gary Shanker	APS	
PAULETTE BARKER	APS	
Clint Richmond	Resident	
Derek Edmunds	APS	
John Wood	APS	
Roy Lucero	APS	623 393-5014
BOB ROUNDOLO	APS	623 393 3712
Tabitha Cannon	DZ	
R. Geiger	APS	
JOHN TAYLOR	EPE	
CARL STAFFORD		
Jim Taylor	APS	

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NAME (PLEASE PRINT)	ORGANIZATION	PHONE
George Andrews	PERT IMPROVEMENT	623-393-5709
Dennis Martin	Operations	
Connally, Paula	Security OPS	
Ed Dutton	PV-NA7	623-393-5625
Nawaporn AaronsCooke	PV - MOD	623-393-6427
Ethan Kennedy	APS	11-11-4216
Michael Muhs	APS - WMD OUTAGE	623 393 6485
GREG CAMERON	APS	623 393 1449
Jim Molden	APS	
Bill Baer	MLPB	
Sarianne Rittahouse	APS	
JEFFREY FREITAS	APS	623 393 6379
Joe Wain	APS	623 393 6692
JD KINSTON	APS	
Jim Glass	APS	623-393-5741
Alphonso Tyson	APS	(623)393-3228

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NAME (PLEASE PRINT)	ORGANIZATION	PHONE
KEITH ATKINSON	OPS	623-393-6995
Judy, melloch, chapin	SLBP / IMT	623-393-6422
PAUL ROETTO	FO SM	
Bryan Thiele	APS	
S. Karimi	CEIT	
RICHARD HILL	APS	
THOMAS CANNON	APS	
JOSEPH D'AGUANO	APS	
FAHA BURDICK	APS	623-393-6371
MIKE NAVIN	APS	
JIM COMPHS	Westinghouse	623-393-6551
MARGOT NELSON	APS / DZAHante	623-393-6086
KEVIN GRAHAM	APS	623-393-6841
JOHN SEARS	APS	623-393-67499
FRED LAKE	APS	
THOMAS ALBING	APS	623 393 5461

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Cory Sanders	SAH	
Bob Pore	APS	
Tim Weber	APS	623-393-5764
Judi Williams	ANS	
Doug Coxon	APS	623-393-2449
Lan Zek	Selly	
LUAN NGUYEN	LADWP / SUPRA	
DORIS HEISLER	REPUBLICAN / NRS CAP MTG. TONOPAH VALLEY ASSN	
Rose Mapes	APS	623-393-6527
Beckie Robles	APS	623-393-6527
Art Tomlinson	APS	
William Grambs	APR	
JIM McDonald	APS	



Palo Verde Nuclear Generating Station Annual Assessment and Confirmatory Action Letter Status Meeting

Reactor Oversight Program - CY 2008

Nuclear Regulatory Commission - Region IV

March 24, 2009

1



Purpose of Today's Meeting

- A public forum for discussion of Palo Verde's performance
- Open dialogue between Palo Verde and NRC
 - NRC to discuss Palo Verde performance
 - Palo Verde response

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Agenda

- Reactor Oversight Process
- NRC Oversight Activities
- Plant Performance Results
- Licensee Response
- NRC Closing Remarks
- Question and Answer Session

3



NRC Goal

- Safety and Security: protect the people and the environment

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Reactor Oversight Process

- Two inputs used for performance assessment
 - NRC inspection results
 - Performance indicator data
- As performance declines NRC oversight increases

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Historical Performance

- 2007 – NRC Team Inspection and PVNGS assessment results identify key areas for improvement
- Feb 2008 – Confirmatory Action Letter issued

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Confirmatory Action Letter (CAL)

- 12 key performance areas required improvement
 - Yellow finding – voided ECCS piping
 - White finding – emergency diesel failure
 - Problem identification and resolution
 - Human performance
 - Engineering programs

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Historical Summary

- Resolution of past problems
- Safety culture survey
- Accountability
- Change management
- Emergency Preparedness
- Longstanding equipment concerns
- Backlog

CAL consisted of 454 specific actions

8



NRC Oversight at Palo Verde

- Inspections to confirm safe operation of the facility
- Additional inspections to verify effectiveness of improvement actions

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Oversight (cont.)

- Increased NRC management oversight
- Increased Inspections
 - Over 1500 hours of additional inspection to review CAL actions
 - 5 team inspections
 - 10 person team inspection in Feb 2009

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Oversight (cont.)

- Resident Inspections—approx. 3200 hrs
- Regional Specialist Inspections- approx. 900 hours
 - Reactor Safety
 - Emergency Preparedness
 - Fire Protection
 - Security
 - Radiation Protection

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Assessment Results

- Palo Verde operated safely
- Notable improvement
 - Identifying and fixing problems
 - Human performance
- Confirmatory Action Letter addressed

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NRC Planned Activities For 2009

- Comprehensive, safety focused inspections
- Additional inspections planned for verifying improvements are being sustained
- Periodic public meetings

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Licensee Response and Remarks

Randall Edington
Senior Vice President, Nuclear
and
Chief Nuclear Officer
Arizona Public Service Company

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NRC Concluding Remarks

Jim Wiggins, Deputy Director/NRR

Elmo Collins, Regional Administrator

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Contacting the NRC

- Report an emergency
 - (301) 816-5100 (call collect)
- Report a safety concern:
 - (800) 695-7403
 - Allegation@nrc.gov
- General information or questions
 - www.nrc.gov
 - Select "What We Do" for Public Affairs
- Victor Dricks, Public Affairs Officer, RIV
 - 817-860-8128
 - vld@nrc.gov

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Reference Sources

- Reactor Oversight Process
 - <http://www.nrc.gov/NRR/OVERSIGHT/ASSESS/index.html>
- Public Electronic Reading Room
 - <http://www.nrc.gov/reading-rm.html>
- Public Document Room
 - 1-800-397-4209 (Toll Free)

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Questions and Answers

18

Randy Edington

**Executive Vice President and
Chief Nuclear Officer**



Recognize where we've been...



**Emphasize where we are
and where we are going**

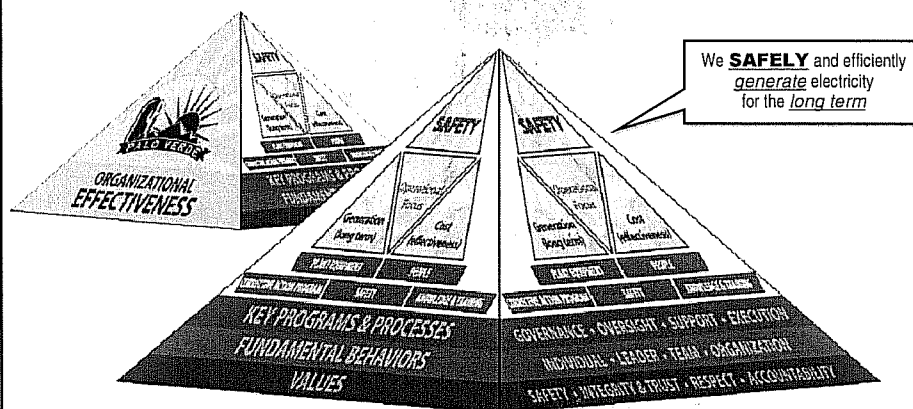
Transition to Beyond the Confirmatory Action Letter (CAL)

The Journey to Excellence

- What are the things that will go away automatically or will be phased out?
- What are the things we will transition or modify to ensure continued performance improvement?

Continuous Improvement *Beyond and Broader Than CAL*

The Palo Verde Leadership Model

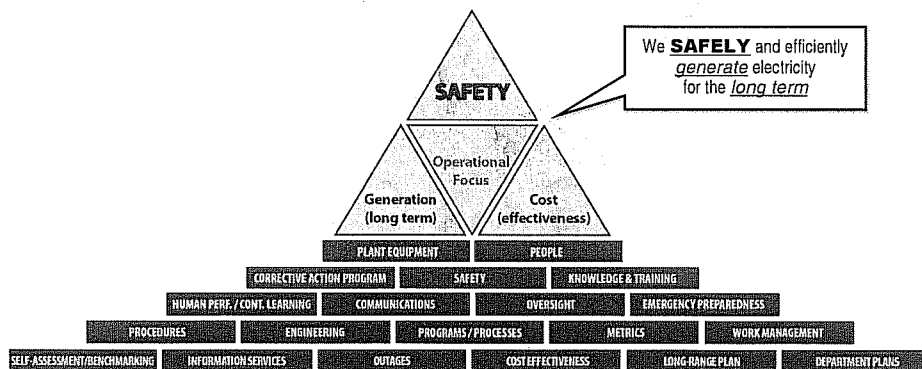


Dwight Mims

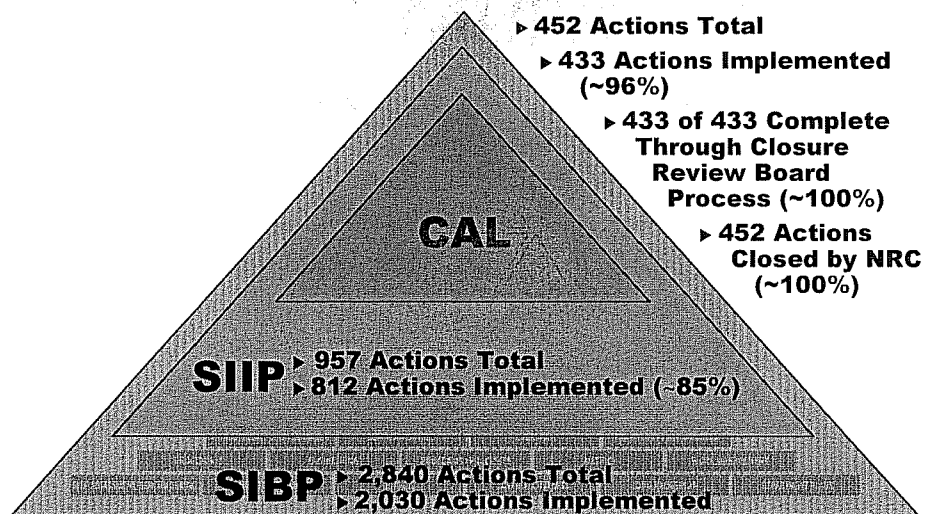
Vice President
Regulatory Affairs and Plant Improvement



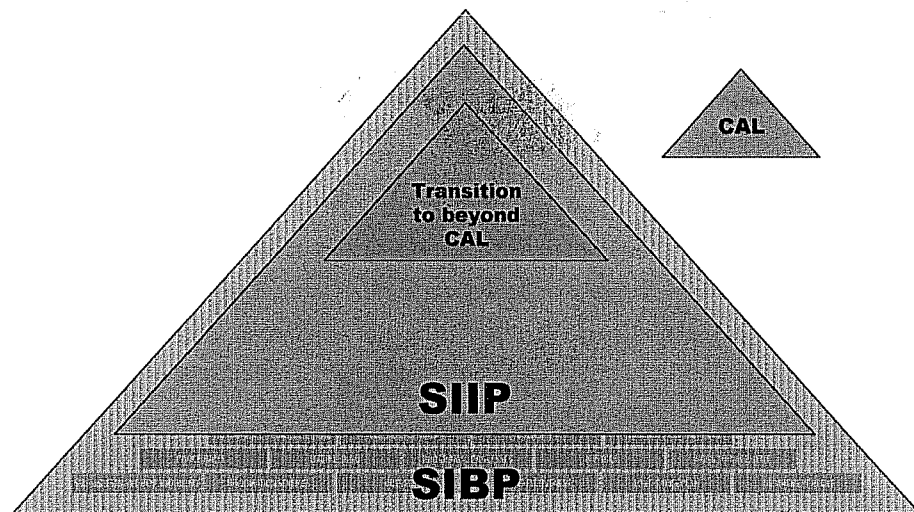
Site Integrated Business Plan



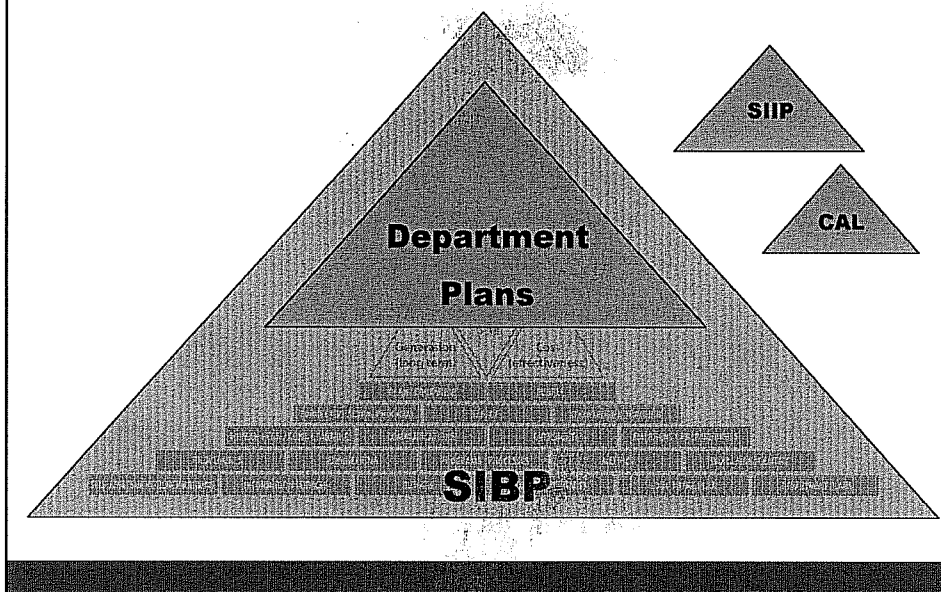
SIBP / SIIP / CAL (current)



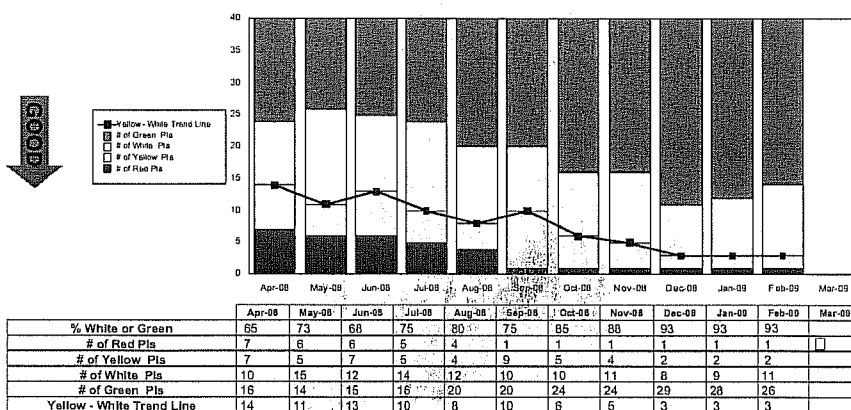
SIBP / SIIP / CAL (2009)



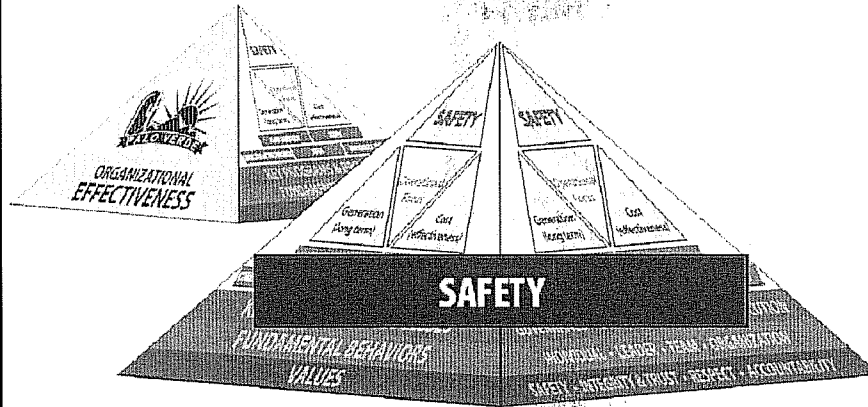
SIBP / SIIP / CAL (2010)



Status of Core Performance Indicators – February 2009



The Palo Verde Leadership Model



Continuous Improvement **Beyond and Broader Than CAL**

■ Safety Culture

- ♦ Significant Improvement in 2008
- ♦ Continued Improvement in 2009 and Beyond
 - Open Environment / Engagement / Every Day
 - Leadership Model
 - Values and Behaviors
 - Communications
 - Site, Department, Individual
 - Safety Culture Team

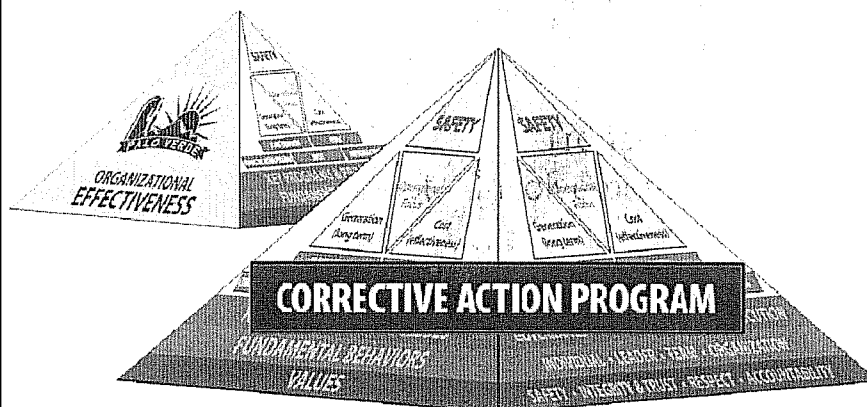
Continuous Improvement *Beyond and Broader Than CAL*

■ Human Performance

- ◆ Improving Performance through Engagement
 - Behaviors and Culture
 - Knowledge and Skills
- ◆ Shift Oversight Ownership Further into Departments
- ◆ Improve Data Analysis / Trending
- ◆ Aggressive Industry Involvement



The Palo Verde Leadership Model



Continuous Improvement **Beyond and Broader Than CAL**

■ Corrective Action Program (CAP)

- ◆ Improve Software User Interface
- ◆ Improve Software Functionality/Efficiency
 - Gap Analysis and Improvement Plan
 - Broader User Interface Improvement Potential

Continuous Improvement **Beyond and Broader Than CAL**

■ Corrective Action Program (CAP)

- ◆ Improving Performance through Engagement
 - Behaviors and Culture
 - Knowledge and Skills
- ◆ Shift Oversight Ownership Further into Departments
- ◆ Improve Data Analysis / Trending
- ◆ Aggressive Industry Involvement

Continuous Improvement ***Beyond and Broader Than CAL***

■ **Self-assessments and Benchmarking**

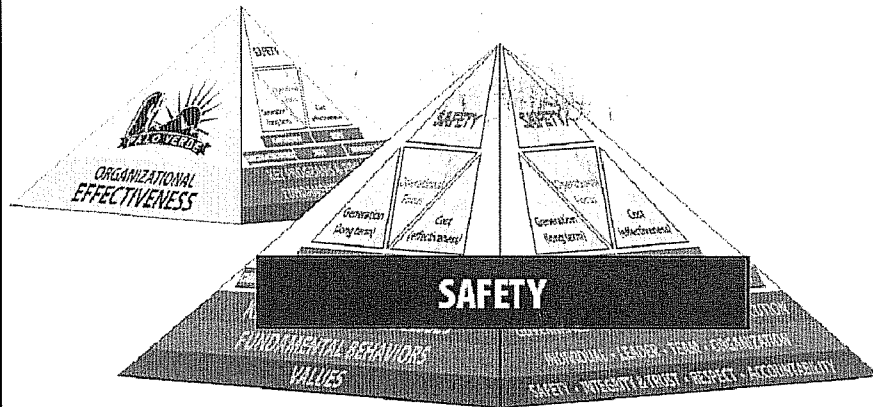
- ◆ Improve Department-level Self-assessment / Benchmarking Capability
 - Core Group
 - Infrastructure
 - Training and Mentoring
 - Master Assessment Plans
- ◆ Improve Data Analysis / Trending
- ◆ Continued Industry Participation

Bob Bement

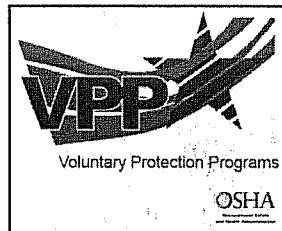
Vice President
Nuclear Operations



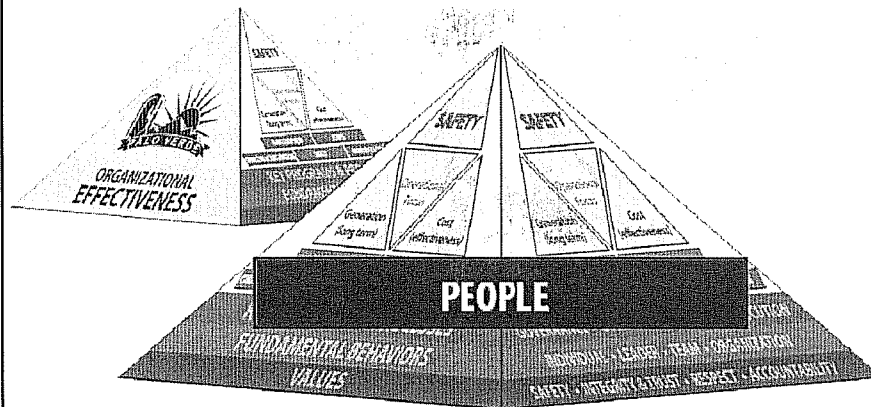
The Palo Verde Leadership Model



Continuous Improvement Beyond and Broader Than CAL



The Palo Verde Leadership Model

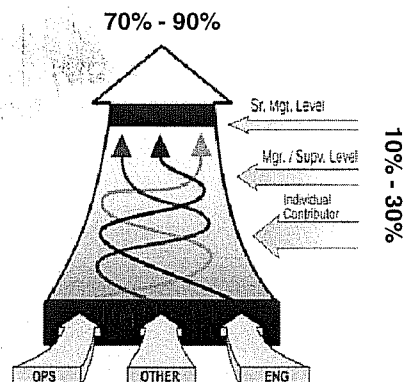


Hiring Model... Hiring for OUR Future

What do you want the organization to look like in 5 years, 10 years, 15 years?

Planning for OUR future includes:

- Workforce Planning
- Initial and Targeted Hires
- Performance Management
- Development and Retention
- Compensation and Rewards
- Metrics / Effectiveness Reviews

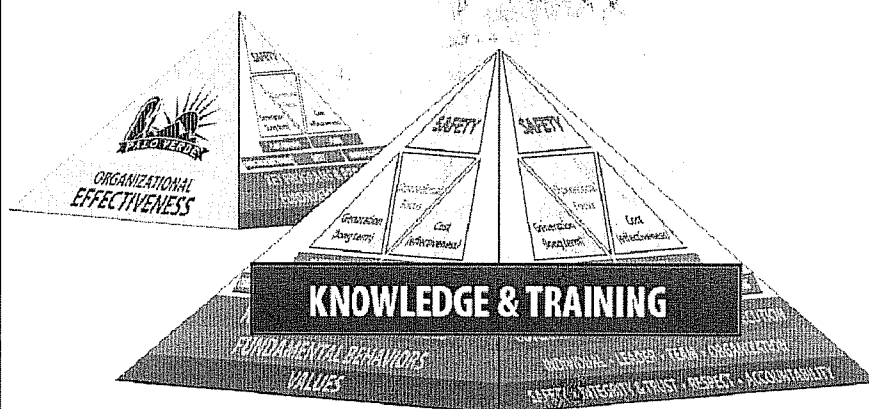


Continuous Improvement

Beyond and Broader Than CAL



The Palo Verde Leadership Model

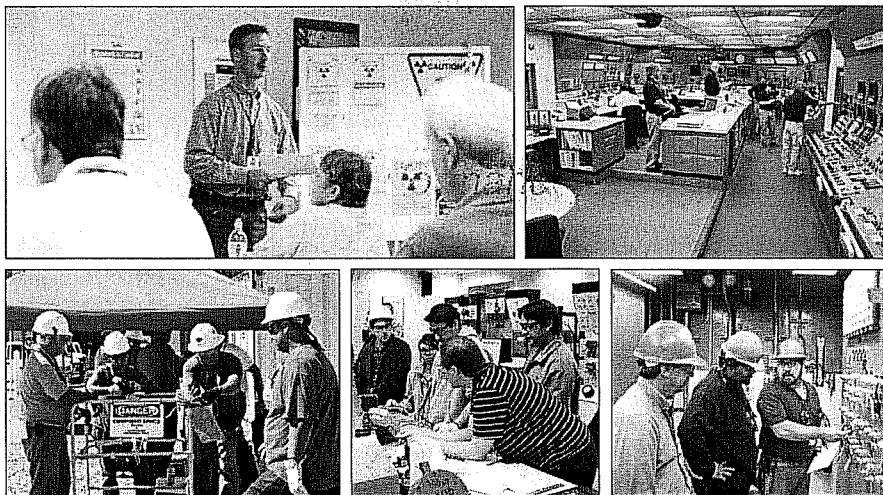


Continuous Improvement **Beyond and Broader Than CAL**

Training for Performance Improvement

*"Training is used as a strategic tool to provide highly skilled and knowledgeable personnel for **SAFE**, reliable operations and to support performance improvement."*

Continuous Improvement **Beyond and Broader Than CAL**

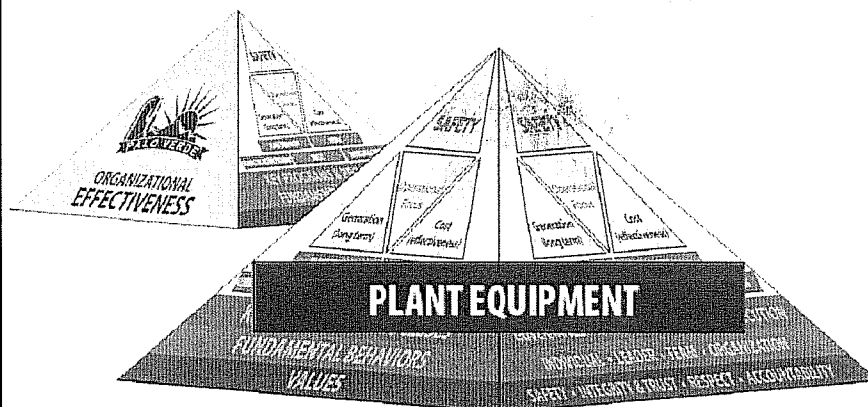


John Hesser

Vice President
Nuclear Engineering



The Palo Verde Leadership Model



Continuous Improvement

Beyond and Broader Than CAL

Equipment Reliability

- Top 10 Technical Issues Process
- Minor Modifications Process
- Plant Health Committee
- Preventive Maintenance Philosophy
- Small Equipment Emphasis
- Utilization of Operating Experience
- Long-range Planning

Continuous Improvement

Beyond and Broader Than CAL

Work Management

- **Process and Tools**
 - ◆ Teamwork
 - ◆ Site/Cross-organizational Alignment
 - ◆ Work Execution Efficiencies
 - ◆ Work Priority Determination
 - ◆ Risk Management
- **Equipment Health Focus**
- **Effective Outages**
- **Sustained, SAFE Operational Runs**

Continuous Improvement

Beyond and Broader Than CAL

Engineering

- System and Equipment Health
- Eliminate Single-point Vulnerabilities
- Operations-Engineering Interface
- Technical Conscience / Design Authority
- Improve Design and Operating Margins
- Knowledge and Training
- Future Technical Staff
- Engineering Quality

Randy Edington

**Executive Vice President and
Chief Nuclear Officer**



The Palo Verde Leadership Model

